

Message Text

CONFIDENTIAL

PAGE 01 LONDON 14778 01 OF 02 121812Z

43

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 DODE-00 PM-03 H-01 INR-05 L-02 NSAE-00 NSC-05

PA-01 RSC-01 PRS-01 SP-02 SS-15 SAJ-01 IO-10 FAA-00

DOTE-00 ACDA-05 /065 W

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O R 121802Z NOV 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 5601

INFO AMEMBASSY BONN

USMISSION BERLIN

USMISSION NATO BRUSSELS

AMEMBASSY PARIS

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 14778

E.O. 11652: XGDS-1

TAGS: PFOR, ETRN, WB, GW, US, UK, FR

SUBJECT: UK REQUEST FOR CONSULTATIONS ON BERLIN AIR
SERVICES

REF: STATE 246088

1) JAMES, HEAD FCO'S WESTERN EUROPEAN DEPT., ASKED
POLITICAL COUNSELOR TO CALL TODAY (NOV. 12) TO HEAR A
STRONG PLEA FOR TALKS IN WASHINGTON WHICH BRITISH EMBASSY
OFFICIALS PROPOSED TO THE DEPT. ON NOVEMBER 7 (REFTEL).

2) JAMES SPOKE TO US ALONG THE FOLLOWING LINES:

DESPITE RECENT FARE INCREASES AND AGREEMENT BETWEEN
PAN AMERICAN AND BRITISH AIRWAYS ON A CERTAIN DEGREE OF
RATIONALIZATION OF THE SERVICES ON THE INNER GERMAN
ROUTES, BRITISH AIRWAYS ARE STILL LOSING MONEY ON THESE
ROUTES. THEIR ESTIMATED LOSSES IN 1974/75 ARE LIKELY TO
BE AROUND TWO MILLION POUNDS. ALTHOUGH A FURTHER FARE
INCREASE OF SIX-AND-A-HALF PERCENT HAS BEEN AGREED BY THE
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PAGE 02 LONDON 14778 01 OF 02 121812Z

TWO AIRLINES AND IS IN THE PIPELINE, THIS WILL GO ONLY A

SMALL WAY TOWARDS REDUCING BRITISH AIRWAYS' LOSSES.

THE BRITISH BELIEVE THAT THE POLITICAL IMPORTANCE OF THESE SERVICES MAKES IT ESSENTIAL FOR BOTH GOVERNMENTS TO CONSIDER THE PROBLEMS AS MUCH FROM THE POLITICAL AS FROM THE PURELY COMMERCIAL ANGLE. INDEED, IF COMMERCIAL CONSIDERATIONS ARE ALLOWED TO BE THE SOLE CRITERION, THE RESULT COULD BE THE WITHDRAWAL OF ONE OF THE AIRLINES. AT THE SAME TIME, IT IS UNACCEPTABLE THAT EITHER AIRLINE SHOULD BE EXPECTED TO OPERATE THESE SERVICES AT A LOSS.

THE BRITISH THEREFORE CONSIDER THAT THERE IS AN URGENT NEED FOR TALKS BETWEEN THE BRITISH AND AMERICAN GOVERNMENTS ON WHAT NEEDS TO BE DONE TO RESTORE THE BERLIN AIR SERVICES TO VIABILITY. AS POLITICAL ISSUES ARE INVOLVED, THEY CONSIDER THAT THE CIVIL AIR ATTACHES GROUP IN BONN DOES NOT CONSTITUTE AN APPROPRIATE FORUM FOR SUCH TALKS. THE BRITISH EMBASSY IN WASHINGTON HAS THEREFORE PROPOSED TO THE STATE DEPARTMENT THAT THERE SHOULD BE URGENT TALKS LATER THIS MONTH BETWEEN BRITISH AND AMERICAN OFFICIALS IN WASHINGTON.

THE STATE DEPARTMENT HAS NOT YET GIVEN A FORMAL REPLY TO THIS REQUEST, BUT THEIR PRELIMINARY REACTION WAS TO DOUBT THE NECESSITY OF SUCH TALKS, ON THE GROUNDS THAT THE CIVIL AIR ATTACHES IN BONN WOULD BE ABLE TO DISCUSS THESE MATTERS ADEQUATELY, AND THAT IN ANY CASE THERE WAS NOT MUCH MORE TO BE SAID ON THE PROBLEMS INVOLVED.

THE BRITISH WISH TO EMPHASIZE THE SERIOUSNESS WITH WHICH THEY VIEW THIS QUESTION, AND TO REINFORCE THE REPRESENTATIONS ALREADY MADE BY THE BRITISH EMBASSY IN WASHINGTON ON THE NEED FOR URGENT TALKS AT A HIGH OFFICIAL LEVEL, ON BOTH THE POLITICAL AND AVIATION

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PAGE 01 LONDON 14778 02 OF 02 121808Z

43

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INFO AMEMBASSY BONN

USMISSION BERLIN

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 14778

PROBLEMS INVOLVED.

3) COMMENT: JAMES WAS CLEARLY NOT SATISFIED BY EFFORTS OF THE BRITISH EMBASSY IN WASHINGTON TO IMPRESS UPON THE DEPT. THE SERIOUSNESS WITH WHICH THE BRITISH VIEW THIS QUESTION. HIS CALLING US IN WAS AN EFFORT TO UNDERSCORE THE INTEREST OF THE BRITISH IN ARRANGING TALKS ON BOTH THE POLITICAL AND COMMERCIAL ASPECTS INVOLVED. IN AMPLIFYING HIS APPROACH TO US, JAMES SAID THAT THE QUESTION HAS NOT YET BEEN PUT TO MINISTERS BUT HE INDICATED IT WAS A PREOCCUPATION OF THE FCO AT A HIGH OFFICIAL LEVEL. HE EXPECTED THAT BEFORE LONG THE PROBLEM WOULD COME TO THE ATTENTION OF MINISTERS AND FELT THEREFORE THAT IT WAS IMPORTANT THAT EVERY ATTEMPT BE MADE THOROUGHLY TO EXPLORE THE POSSIBILITIES OF RATIONALIZING SERVICE ON THE BERLIN AIR ROUTES. HE DID NOT THREATEN THAT IN FINAL ANALYSIS BRITISH AIRWAYS WOULD DISCONTINUE SERVICE. IN FACT HE MADE THE POINT THAT BERLIN STILL
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PAGE 02 LONDON 14778 02 OF 02 121808Z

"RINGS BELLS" IN THE MINDS OF SENIOR MINISTERS BUT LATTER WOULD HAVE EASIER TIME IN JUSTIFYING CONTINUATION IF THEY WERE SATISFIED PROBLEMS OF BRITISH AIRWAYS HAD BEEN FULLY EXPLORED FROM POLITICAL AS WELL AS AVIATION ANGLES.

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